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# HOUSE BILL No. 1250

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 27-1-18-2.

**Synopsis:** Insurance premium tax. Reduces the insurance premium tax from 1.3% to 1% over a three year period.

**Effective:** January 1, 2008.

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### Ripley

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January 11, 2007, read first time and referred to Committee on Insurance.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

## HOUSE BILL No. 1250

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 27-1-18-2 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 2. (a) Every  
3 insurance company not organized under the laws of this state, and each  
4 domestic company electing to be taxed under this section, and doing  
5 business within this state shall, on or before March 1 of each year,  
6 report to the department, under the oath of the president and secretary,  
7 the gross amount of all premiums received by it on policies of  
8 insurance covering risks within this state, or in the case of marine or  
9 transportation risks, on policies made, written, or renewed within this  
10 state during the twelve (12) month period ending on December 31 of  
11 the preceding calendar year. From the amount of gross premiums  
12 described in this subsection shall be deducted:  
13 (1) considerations received for reinsurance of risks within this  
14 state from companies authorized to transact an insurance business  
15 in this state;  
16 (2) the amount of dividends paid or credited to resident insureds,  
17 or used to reduce current premiums of resident insureds;

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(3) the amount of premiums actually returned to residents on account of applications not accepted or on account of policies not delivered; and

(4) the amount of unearned premiums returned on account of the cancellation of policies covering risks within the state.

(b) A domestic company shall be taxed under this section only in each calendar year with respect to which it files a notice of election. The notice of election shall be filed with the insurance commissioner and the commissioner of the department of state revenue on or before November 30 in each year and shall state that the domestic company elects to submit to the tax imposed by this section with respect to the calendar year commencing January 1 next following the filing of the notice. The exemption from license fees, privilege, or other taxes accorded by this section to insurance companies not organized under the laws of this state and doing business within this state which are taxed under this chapter shall be applicable to each domestic company in each calendar year with respect to which it is taxed under this section. In each calendar year with respect to which a domestic company has not elected to be taxed under this section it shall be taxed without regard to this section.

(c) For the privilege of doing business in this state, every insurance company required to file the report provided in this section shall pay into the treasury of this state an amount equal to the excess, if any, of the gross premiums over the allowable deductions multiplied by the following rate for the year that the report covers:

(1) For 2000, two percent (2%).

(2) For 2001, one and nine-tenths percent (1.9%).

(3) For 2002, one and eight-tenths percent (1.8%).

(4) For 2003, one and seven-tenths percent (1.7%).

(5) For 2004, one and five-tenths percent (1.5%).

(6) For 2005, ~~and thereafter,~~ **2006, and 2007**, one and three-tenths percent (1.3%).

**(7) For 2008, one and two-tenths percent (1.2%).**

**(8) For 2009, one and one-tenth percent (1.1%).**

**(9) For 2010 and thereafter, one percent (1%).**

(d) Payments of the tax imposed by this section shall be made on a quarterly estimated basis. The amounts of the quarterly installments shall be computed on the basis of the total estimated tax liability for the current calendar year and the installments shall be due and payable on or before April 15, June 15, September 15, and December 15, of the current calendar year.

(e) Any balance due shall be paid in the next succeeding calendar

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1 year at the time designated for the filing of the annual report with the  
2 department.

3 (f) Any overpayment of the estimated tax during the preceding  
4 calendar year shall be allowed as a credit against the liability for the  
5 first installment of the current calendar year.

6 (g) In the event a company subject to taxation under this section  
7 fails to make any quarterly payment in an amount equal to at least:

8 (1) twenty-five percent (25%) of the total tax paid during the  
9 preceding calendar year; or

10 (2) twenty ~~per cent~~ **percent** (20%) of the actual tax for the current  
11 calendar year;

12 the company shall be liable, in addition to the amount due, for interest  
13 in the amount of one percent (1%) of the amount due and unpaid for  
14 each month or part of a month that the amount due, together with  
15 interest, remains unpaid. This interest penalty shall be exclusive of and  
16 in addition to any other fee, assessment, or charge made by the  
17 department.

18 (h) The taxes under this article shall be in lieu of all license fees or  
19 privilege or other tax levied or assessed by this state or by any  
20 municipality, county, or other political subdivision of this state. No  
21 municipality, county, or other political subdivision of this state shall  
22 impose any license fee or privilege or other tax upon any insurance  
23 company or any of its agents for the privilege of doing an insurance  
24 business therein, except the tax authorized by IC 22-12-6-5. However,  
25 the taxes authorized under IC 22-12-6-5 shall be credited against the  
26 taxes provided under this chapter. This section shall not be construed  
27 to prohibit the levy and collection of state, county, or municipal taxes  
28 upon real and tangible personal property of such company, or to  
29 prohibit the levy of any retaliatory tax, fine, penalty, or fee provided by  
30 law. However, all insurance companies, foreign or domestic, paying  
31 taxes in this state predicated in part on their premium income from  
32 policies sold and premiums received in Indiana, shall have the same  
33 rights and privileges from further taxation and shall be given the same  
34 credits wherever applicable, as those set out for those companies  
35 paying only a tax on premiums as set out in this section.

36 (i) Any insurance company failing or refusing, for more than thirty  
37 (30) days, to render an accurate account of its premium receipts as  
38 provided in this section and pay the tax due thereon shall be subject to  
39 a penalty of one hundred dollars (\$100) for each additional day such  
40 report and payment shall be delayed, not to exceed a maximum penalty  
41 of ten thousand dollars (\$10,000). The penalty may be ordered by the  
42 commissioner after a hearing under IC 4-21.5-3. The commissioner

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- 1 may revoke all authority of such defaulting company to do business
- 2 within this state, or suspend such authority during the period of such
- 3 default, in the discretion of the commissioner.

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